Andrew Ogilvie (pp. 92-128), and the Limits of State Participation in Industry, by Sir Herbert Morgan (pp. 83-91).

The fight for socialism. A review of present forces and a forecast of victory, by an unrepentant socialist after the war of 1914-1918 and the post-war struggles of 1919-1920. (New York: Longmans, Green. 1922. Pp. 39. 75c.)

Sämtliche Veröffentlichungen der zweiten Sozialisierungs-Kommission. Third edition. (Berlin: Engelmann. 1922. Pp. 59. 5.30 M.)

Statistics and Its Methods

Wealth and Income of the American People. By WALTER RENTON INGALLS. (York, Pa.: G. H. Merlin Co. 1922. Pp. xiv, 321.)

Mr. Ingalls' *Wealth and Income of the American People* is a combination of a comprehensive, yet detailed and highly suggestive, analysis of the wealth of the United States, with a series of somewhat sketchy chapters discussing the distribution of the national income; the former is distinctly worth while, but the latter, on the whole, disappointing. Such a chapter, for instance, as "The results of socialism and communism," dealing at considerable length with the Russian situation, seems strangely out of place. A repudiation of the quantity theory of money (an underlying thought of the author) is practically forgotten elsewhere than in the preface, and throughout the volume the rather positive economic deductions drawn from statistical data presented are likely to challenge the opinions of the reader.

The use of 1913 prices as a common denominator permits the summation of dissimilar physical objects appearing in the enumeration of wealth. This base is departed from only in the few instances where the unit value of a particular item has a pronounced secular trend, rendering improbable the restoration of its pre-war relationship to the price level as a whole. The essence of the inventories consists, therefore, in "the counting of things rather than the ephemeral valuations that are put upon them." On this basis, which eliminates the effects of inflation, the estimated increase in the internal wealth of the United States from 1916 to 1920 amounted to 1.6 per cent—a rate of gain actually less rapid than the growth of population itself and confined in large part to consumers' goods of luxury or semi-luxury character. An improvement of about $18,000,000,000 in the international situation is discounted heavily, on account of the character of the obligations represented. These additions to wealth are considered not only substantially less than could have been expected had there been no war, but of such an unbalanced character as to necessitate future readjustments.

An approximation of national income, expenses, and savings is obtained on an annual basis for the period 1913-1920 through a com-

bination of the estimates of income of the National Bureau of Economic Research with those of Professor Friday for capital accumulations. During this interval the national income increased from $34,000,000,000 to $65,000,000,000, and savings from $6,500,000,000 to $11,500,000,000. Governmental and luxury expenditures aggregated about $11,500,000,000 in 1919, contrasted with a figure slightly less than half that size six years earlier. The completion of the process of deflation should leave us with a gross income of not more than $37,500,000,000, out of which "it is perfectly clear .... we cannot spend $11,500,000,000 for government and luxuries and at the same time save anything for capital accumulation."

War demands, together with an increase in the consumption of luxuries, caused an impairment in what may loosely be termed the plant and equipment of the United States which can only be remedied through increased savings—a diversion of expenditures from luxuries to capital goods. Little can be expected from labor, but Walker's residual theory is invoked to show that its share (greatly swollen as a result of the war) in the distribution of the national income will be reduced. The working man will, however, be better off with this temporarily lowered standard of living than under the socialistic or communistic system where he receives a larger proportion of a much smaller product. "A transparency in industry leading to equilibrium in industry" is bound to result from increasing intelligent use of industrial statistics, particularly in the field of forecasting the trend of business, and this will so increase production as to permit constantly improving standards of living.

It is unnecessary to dwell upon the very real difficulties encountered of necessity in the attempt to weld the scattered mass of existing statistical data, voluminous yet overlapping and incomplete, into an estimate of the wealth of the United States. Mr. Ingalls has had the courage to face these difficulties and, at times, in the absence of any other alternative, to make what are frankly labelled guesses; no more is claimed for the results than that they are intelligent approximations. The fact that convenience alone, at times, seems to determine the basis of valuation employed lessens the validity of comparisons between different items in the series; steam railways, for instance, are valued on the basis of cost of reproduction (1914 prices), less depreciation, while the market value of securities seems to determine the estimate in the case of electric railways—the difference in results yielded by the two methods is obvious. Furthermore, the totals used in the case of steam railways rest upon the belief of a railway executive (whose very position renders impartiality difficult) that the Interstate Commerce Commission's valuation of the roads will be substantially above the figures carried by the companies upon their books, and that there

should be added to an estimate so increased, an additional 20 per cent to attain the "conservative" ground held by the railways. An estimated average life of five years (page 135) serves as the basis for the valuation of automobiles, but later (page 210) in establishing a case for the overexpansion of the automobile industry with the consequent "great surplus of manufacturing capacity which will cease to have value for the purpose for which it was provided," the annual demand assumed seems much smaller than any compatible with the length of life assumed, even making liberal allowance for the author's belief that a diminished national income will force retrenchment in this direction.

Although "the counting of things rather than the ephemeral valuations that are put upon them" should disregard changes due only to inflation or deflation, horses are listed (page 95) at about $100 per head in 1916 and but $80 in 1920; stated otherwise, the same physical inventory would have been valued at about $400,000,000 less in the later than in the earlier year. The valuation of shipping at $80 per ton in 1916, with the explanation that "from 1914 to 1916 ships had greatly increased in value" (page 143) seems incompatible with a valuation (after completely writing off 6,000,000 tons as useless) of $50 per ton in 1920; different yardsticks are used to measure the same physical entity. And again (page 90) new construction during 1917-1920 is reckoned in terms of 1916 prices, but reductions for fire losses during the following years of higher prices are stated without reference to the 1916 yardstick.

Real and money income are confused in the discussion of the national income. If gross income is reduced from $65,000,000,000 to $37,500,000,000 as the author contends (page 219), it will be primarily as a result of a lower price level and the loss will be in money income. The chapter dealing with "the production of commodities" itself contains statistical data demonstrating that production, whether measured in actual physical units or reduced to dollar totals through the common denominator of a fixed price base, fluctuates within limits far more circumscribed than those suggested. But the very reduction anticipated in the price level should automatically lower the money cost of this same "governmental and luxury expenditure" to figures far below the $11,500,000,000 cited, and it is the resultant total that, compared with the estimated income of $37,500,000,000, will indicate the proportion of our income absorbed by such expenditures.

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NEW BOOKS

Bowley, A. L. *Official statistics, what they contain, and how to use them.* (London: Oxford Univ. Press. 1921. Pp. 63.)

Professor Bowley has in this book, belonging to the series of *The*